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C O N F I D E N T I A L JERUSALEM 004722

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NEA FOR FRONT OFFICE; NEA/IPA FOR
WILLIAMS/SHAMPAINE/STEINGER; NSC FOR ABRAMS/DORAN/WATERS;
TREASURY FOR SZUBIN/LOEFFLER/NUGENT/HIRSON; USEU FOR
LERNER; STATE PLEASE PASS TO USAID FOR
KUNDER/MCCLOUD/BORODIN

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TAGS: [EAID](#) [EFIN](#) [PGOV](#) [KWBG](#)
SUBJECT: TEMPORARY INTERNATIONAL MECHANISM LAUNCHES
EXPANSION OF WINDOW III

REF: BRUSSELS 3564

Classified By: Consul General Jake Walles for reasons 1.4 (b) and (d).

¶1. (SBU) Hans Duynhouwer, the head of the Temporary International Mechanism's management unit confirmed to EconChief October 30 that the expansion of Window III is underway. Starting October 13, the TIM began disbursing NIS 1500 (USD 350) payments to "low income cases" or those PA employees normally earning a PA salary of NIS 2500 or less, including healthcare workers. As of October 30, they had disbursed an allowance to 45,000 civil servants, 5,000 PA pensioners, and 12,000 PA healthcare workers. They are now disbursing to an additional 9,000 PA employees who earned between NIS 2000 and NIS 2500 a month. This brings the total number of "low income cases" to 71,000. Duynhouwer said a second payment to this group would be made towards the end of November/beginning of December. (Note: These TIM payments to 66,000 PA civil servants (excluding the 5,000 PA pensioners) covers approximately 81 percent of the PA civil service (using the IMF's end-June 2006 figure of 81,136 for the size of the PA civil service). End note.)

¶2. (SBU) In the second half of November, the TIM plans to disburse a single NIS 1000 (USD 233) payment to "social hardship cases," including 35,000 from the PA Social Affairs Ministry list and an additional 40,000 to 55,000 from the World Food Program's partners executing the Food-for-Work and Food-for-Training programs. Duynhouwer confirmed that the TIM is unlikely to make a second payment to the expanded "social hardship cases" before the end of the year. (Note: The previous payment to the 35,000 "social hardship cases" totaled NIS 1500 (USD 350), the same amount as disbursed to "low income cases." Now, the TIM is planning to only pay NIS 1000 (USD 233) to the expanded group of 75,000 to 90,000 "social hardship cases."

¶3. (SBU) Duynhouwer said that these payments under an expanded Window III were being covered from the 53.62 million euros (USD 68.54 million) in European states' donations/pledges to the TIM and not from European Commission funds. Those countries donating funds to date include:
-- United Kingdom: 4.4 million euros;
-- Netherlands: 10 million euros;
-- Germany: 20 million euros;
-- France: 11.5 million euros;
-- Norway: 3 million euros;
-- Finland: 2 million euros;
-- Luxembourg: 1.3 million euros;

-- Denmark: 1.0 million euros;
-- Malta: 0.22 million euros; and
-- Greece: 0.20 million euros.

¶4. (SBU) Duynhouwer said that the Office of the President has asked that two allowance payments be made for the civil police which would total 8.9 million euros (USD 11.38 million). Duynhouwer said that a donor still needs to be found to cover these payments. None of the donors who have pledged funding to date have indicated they are willing to make these payments to the civil police.

¶5. (C) Comment: While TIM payments to the "low income cases" help to alleviate suffering, as former PA Finance Minister and current Palestinian legislator Salam Fayyad points out, they do perpetuate the current government in power and forestall efforts to put a new one in place. According to our own calculations, cumulative payments to PA employees by the current government, the Presidency (using payments from Arab states), and from the Temporary International Mechanism (including the October payments) now total 43.5 percent of what they, as a group, are owed from seven months of unpaid salaries. (Note: Lower paid employees have received a greater percentage of payments than have higher paid employees. End note.) End comment.
WALLES